

WSFS FINANCIAL CORP
Form FWP
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WSFS Financial Corporation
Follow-on Offering of Common Shares
\$40,000,000
August 2010
NASDAQ: WSFS
Free Writing Prospectus
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Statements contained in this report which are not historical facts, are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements, which are based on various assumptions (some of which may be beyond the Company's control) are subject to risks and uncertainties and other factors which could cause actual results to differ materially from those currently anticipated. Such risks and uncertainties include, but are not limited to, those related to the economic environment, particularly in the market areas in which the Company operates; the volatility of the financial and securities markets, including changes with respect to the market value of our financial assets; that Christiana Bank & Trust Company's (CBT) business will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; expected revenue synergies and cost savings from the proposed acquisition of CBT may not be fully realized or realized within the expected time frame; revenues following the proposed acquisition of CBT may be lower than expected; customer and employee relationships and business operations may be disrupted by the proposed acquisition; the ability to obtain required governmental approvals, and the ability to complete the proposed acquisition of CBT on the expected timeframe; changes in government regulation affecting financial institutions, including the Dodd-Frank Wall Street Reform and Consumer Protection Act which, among other things, eliminates the OTS as our primary regulator and as a result our new regulator will be the Board of Governors of the Federal Reserve System, and WSFS Bank's new primary banking regulator will be the Office of the Comptroller of the Currency, and potential expenses associated therewith; changes resulting from our participation in the CPP including additional conditions that may be imposed in the future on participating companies; and the costs associated with resolving any problem loans and other risks and uncertainties, discussed in documents filed by WSFS Financial Corporation with the Securities and Exchange Commission from time to time. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Company.

The Company has filed a registration statement (including a prospectus and a related prospectus supplement) with the SEC for the offering. Before you invest, you should read the prospectus and the prospectus supplement contained in that registration statement and other documents the Company has filed with the SEC for more complete information about the offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, the Company, any underwriter, or any dealer participating in the offering will arrange to send you the prospectus and prospectus

supplement if you request them by calling Sandler O'Neill & Partners, L.P. toll free at (866) 805-4128.

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Offering Details

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Issuer: WSFS Financial Corporation (“WSFS” or the “Company”)

Ticker/Exchange: WSFS / NASDAQ

Offering: Follow-on Public Common Stock Offering

Transaction Size: \$40 million

Over-Allotment Option: 15%

Use of Proceeds: General corporate purposes including:

- Support of organic growth arising in the Company’s market place and resulting from the current market environment
- Acquisition-based growth in the Company’s target markets, including markets, including the recently-announced acquisition of acquisition of Christiana Bank & Trust Company
- The potential repurchase of TARP preferred stock and the associated warrants, when deemed prudent

Lead Manager: Sandler O’Neill + Partners, L.P.

Co-Manager: Janney Montgomery Scott LLC

Offering Details

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Recent Results

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Review of 2Q 2010 Results (vs. 1Q 2010)

Recent Results

- Net Income \$3.3 million or, \$0.36 diluted EPS; vs 1Q 2010 loss of \$0.03 EPS and 2Q 09 loss of \$0.50 EPS
 - Revenues of \$43.1 million continued strong growth trends, increasing \$2.7 million or 7% from 1Q 2010
 - Net interest margin increased \$1.4 million or 5%, and 9 bps to 3.66% from 1Q 2010
 - Fee income increased \$1.3 million, or 12%
 - Recent strong deposit growth has moderated but growth continues
 - Commercial loans continued growing despite intentional decrease in construction loan balances
 - Credit continued to stabilize
 - Loan delinquency trend flat at \$71.2 million or 2.82% of loans from \$71.3 million or 2.80%
 - Early stage delinquency declined \$17.3 million, or 0.67%, to 0.98% of total loans
 - NPAs increased slightly to \$85.8 million from \$82.1 million in 1Q 2010
 - \$4 million of additional NPA sales were marked to contract sales price and awaiting closure at the end of the quarter; and NPAs up only \$5.9 million or 7% from 2Q 2009
 - WSFS continues allowance for loan loss build now at 2.48% of loans
 - NCOs decreased \$2.4 million to \$5.4 million; provision of \$10.6 million
 - Capital grew from already strong levels
 - Tangible common book value per share increased \$1.15 or 3% to \$35.02 and the TCBV ratio increased 27 bps to 6.60%; and risk based capital increased 18 bps to 12.51%
 - All regulatory capital ratios remain well in excess of “well-capitalized”
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EPS Trend*

Net Interest Income Trend*

Provision for Loan Loss*

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* Charts reflect quarterly results

Recent Results

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The WSFS Franchise and
Opportunities

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The WSFS Franchise and Opportunities

- Well-positioned community banking franchise with a strong and growing market share
 - Managed risks coming into recession and addressed issues earlier in this credit cycle - which has improved credit position and helped to stabilize credit metrics recently
 - Robust core earnings capability that will be improved by the recently announced acquisition of Christiana Bank & Trust
 - WSFS will continue building its franchise value by taking advantage of dislocation in the local banking market
-

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The WSFS Franchise and Opportunities

- \$3.8 billion in assets
 - 36 branches and 4 LPO's
 - Founded in 1832, WSFS is one of the ten oldest banks in the U.S.
 - Second largest independent bank in Delaware
 - Major business lines
 - Retail
 - Commercial
 - Trust and Wealth Management
 - Cash Connect (ATM cash and related business)
-

Market opportunities from significant disruption/distraction among major competitors
 Delaware Traditional Bank's Deposits
 (June 30, 2009)

Rank	Institution	Branch Count	Total Deposits in Total Market	
			Market	Share
1	Wilmington Trust Corp. (DE)	43	5,412,467	28.06%
2	Wachovia/Wells Fargo & Company (CA)	19	3,738,859	19.38%
3	PNC Financial Services Group (PA)	50	2,742,396	14.22%
4	WSFS	37	2,045,533	10.60%
5	TD Bank (formerly Commerce) (Canada)	13	1,565,871	8.12%
6	Royal Bank of Scotland Group/Citizens (Scotland)	27	1,147,287	5.95%
7	Artisan's Bank (DE)	14	585,166	3.03%
8	Fulton Financial Corp. (PA)	13	369,403	1.91%
9	County Bank (DE)	9	345,007	1.79%
10	First Wyoming Financial Corp. (DE)	6	231,063	1.20%
11	Christiana Bank & Trust Co. (DE)*	3	198,621	1.02%
	Top 11	234	18,381,673	95.28%

*See pages 27-29 for planned acquisition
 The WSFS Franchise and Opportunities

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Deposit Growth
Comments

*

The WSFS Franchise and Opportunities

Customer Deposit Growth

- Increased \$26.6 million or 5% annualized from 1Q 2010
- Increased \$254.8 million or 13% from 2Q 2009
- Currently, core deposits are \$1.6 billion or 70% of customer deposits
- 33% of deposit base is in non-interest bearing or low rate DDA accounts

Loan Growth

- Growth in WSFS C&I loans offsetting planned declines in construction and mortgage lending
-

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	2Q10	1Q10	4Q09
30-89 Delinquencies	0.66%	1.05%	0.66%
90+ Delinquencies	0.87%	0.55%	0.52%
Total Delinquencies	1.53%	1.60%	1.18%

Commercial & Industrial, \$1.1 billion or 45% of Loans

*

*

Other services includes service oriented industries

Industry Diversification

Delinquency Trends

Comments

- In market; WSFS is primary bank / whole relationship focus
 - Low overall delinquencies
- No one industry representing more than 11% of portfolio
- Weakness is in smaller C&I credits (most less than \$1 million)

The WSFS Franchise and Opportunities

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	2Q10	1Q10	4Q09
30-89 Delinquencies	0.46%	1.35%	0.34%
90+ Delinquencies	0.61%	0.14%	0.20%
Total Delinquencies	1.07%	1.49%	0.54%

Industry Diversification

Delinquency Trends

- Predominantly in-market to stable projects, local, long-term operators, “with recourse”
 - Low overall delinquencies
- Largest property concentration in retail-related* (\$157 million)
 - Average loan size \$1.4 million, only 8 loans > \$5 million and none > \$10

million

*

*

Comments

The WSFS Franchise and Opportunities

Commercial Real Estate (excluding CLD), \$543 million or 21% of loans

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Geographic Diversification

Delinquency Trends

	2Q10	1Q10	4Q09
30-89 Delinquencies	2.19%	4.14%	0.75%
90+ Delinquencies	9.17%	5.89%	7.06%
Total Delinquencies	11.36%	10.03%	7.81%

- Predominantly in-market; “with recourse”
- Residential CLD = \$91 million, now < 4% of loans
- Average RCLD loan size \$1.4 million, only 4 loans between \$5 and \$10 million
- Sussex County, DE residential concentration only \$33 million, < 2% of loans
- Land hold exposure \$47 million, < 2% of loans

Comments

*Includes \$37.8 million of owner occupied construction

The WSFS Franchise and Opportunities
Construction & Land Development (CLD), \$192 million or < 8% of loans*

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Product Diversification

Delinquency Trends

	2Q10	1Q10	4Q09
30-89 Delinquencies	1.68%	2.26%	1.62%
90+ Delinquencies	2.50%	1.62%	1.75%
Total Delinquencies	4.18%	3.88%	3.37%

Comments

- Delinquency increasing, but better than national average
- Very little unsecured consumer loans
- Loss severities overall relatively low, due to collateral and underwriting

The WSFS Franchise and Opportunities

1st Mortgage and Consumer Loans, \$640 million or 26% of loans

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Credit / Risk Management

What We Didn't Have Coming Into This Down Cycle

- ü Collateralized Debt Obligations (CDOs)
 - ü Bank Trust Preferred Securities
 - ü Fannie or Freddie stock or preferred securities
 - ü Equity Securities in Other FDIC-Insured Banks or Thrifts
 - ü Weak Non-Agency MBS - no meaningful OTTI
 - ü BOLI insurance wrap issues
 - ü Credit Card Portfolio
 - ü Any meaningful sub-prime exposure
 - ü Any meaningful unsecured loans
 - ü Any significant concentration in residential construction lending
 - ü Indirect auto financing
 - ü Any sizeable goodwill
 - ü Any deferred tax asset issues
-

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Credit / Risk Management

Proactively addressing credit environment

- People

- Hired an experienced (over 30 years) head of Asset Recovery along with two seasoned recovery specialists

- Highly skilled Asset Disposition function with dedicated SVP

- Significantly enhanced Credit Administration team with seasoned professionals

- Process

- Expanded Internal loan review augmented by a quarterly external loan review

- Intensive Executive Management and Board involvement

- Weekly NPA/ORE meetings

- Policies

- Ongoing enhancements to credit policy

- Periodic updates to portfolio limits

- Plan

- Implemented loan-by-loan plan to aggressively address criticized assets

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Stabilization in Credit Statistics - Nonperforming Assets

Nonperforming Assets to Total Assets

Comments

2.26%

Credit / Risk Management

During 2Q 2010:

- \$18.4 million new non-performing asset inflows
 - Mostly small business and consumer credits (< \$1 million)
 - Lower expected loss severities vs. larger construction loans in prior periods

Offset by

- \$6.6 million of resolution/ paydowns
 - \$8.0 million of net charge-offs and REO write-downs
 - Plus: \$4 million marked to sales price and awaiting closing at June 30, 2010
-

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Stabilization in Credit Statistics - Loan Delinquencies

Loan Portfolio Delinquency Trends

Comments

Credit / Risk Management

During 2Q 2010:

- Total delinquency remained flat from 1st Quarter, and increased only modestly from June 2009
 - Early-stage delinquencies decreased from \$42.1 million to \$24.8 million or 1.65% to 0.98%
-

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Stabilization in Credit Statistics - Loan Loss Provision
Quarterly Provision Expense

Comments

2.05%

2.12%

2.27%

1.63%

- Allowance for loan losses to loans:

2.48%

During 2Q 2010:

- ALLL continues to build as the provision well outpaces charge-offs
 - Loan Loss Provision of \$10.6 million
 - 2Q provision driven by continued deterioration of property values and to a lesser extent by migration of loans to higher risk ratings
 - Also implemented a prudent change in estimate (\$1 million) relating to the expected credit losses in the consumer loan portfolio
- Credit / Risk Management
-

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Capital Position

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Total Risk-Based Capital	12.13%	11.00%	12.24%	12.33%	12.51%	13.37%
Tier 1 Capital	11.16%	9.90%	11.02%	11.07%	11.26%	12.12%
Excess Risk Based Capital	\$52,737	\$27,728	\$65,881	\$68,169	\$73,186	\$98,186
Tangible Common Equity	6.52%	5.88%	6.31%	6.33%	6.60%	6.60%

Risk-Based Capital

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*Proforma for 3Q 2009 \$25 million capital raise currently at Holding Company infused to the Bank
Capital Position

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CB&T Acquisition

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* Based on first quarter 2010 reported results
Christiana Bank & Trust Merger - Transaction Highlights
CB&T Acquisition

- A highly strategic transaction with compelling financial results
 - Christiana has a strong and growing trust business and solid banking relationships
 - \$6.0 billion in fiduciary assets at May 31, 2010; national presence
 - Trust and other non-interest revenues of \$6.5 million in 2009 (52% of total revenue), grown from \$3.1 million five years earlier
 - Market presence built by strong management and business development team
 - Further builds WSFS' traditional market share in an attractive market
 - Through the acquisition of Christiana, WSFS will meaningfully accelerate its position in the trust and custody businesses
 - Christiana will increase WSFS' non-interest income by approximately 14%*
 - Advances WSFS' trust initiatives by several years and provides critical mass and scale
 - Results in WSFS now having a strong and diversified revenue platform in Retail Banking, Commercial Banking, AND Trust & Wealth Management
 - Significant synergies; accretive in 2011 (est. 4%); > 20% IRR expected
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Transaction: WSFS will acquire 100% of the stock of Christiana, which is currently a wholly-owned subsidiary of National Penn Bancshares, Inc.

Purchase Price: \$34.5 million in cash

Key Provisions: Clean balance sheet: all currently classified and non-accrual loans and OREO at Christiana will be retained by NPBC

Board Roles: Christiana CEO to become member of WSFS Board; WSFS to establish Trust Advisory Board

Due Diligence: Completed comprehensive due diligence, including detailed review of loans utilizing WSFS senior personnel and outside loan review firm

Expected Closing: Fourth Quarter of 2010

Conditions to Closing: Customary regulatory approvals
CB&T Acquisition

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Alignment of Insiders and
Owners

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* As defined in the proxy plus WSFS 401K

Alignment of Insiders and Owners

- Near 33% insider ownership*
 - Executive Management bonuses and equity awards based on performance
 - ROA, ROE, EPS growth
 - No incentive payments of any kind made to executives for 2009, due to breakeven results
-

Appendices

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Appendix 1 - Management Team

- Mark A. Turner, 47, has served as President and Chief Executive Officer since 2007. Mr. Turner was previously both the Chief Operating Officer and the Chief Financial Officer for WSFS. Prior to joining WSFS, his experience includes working at CoreStates Bank and Meridian Bancorp. Mr. Turner started his career at the international professional services firm of KPMG, LLP. He received his MBA from the Wharton School of the University of Pennsylvania, his Masters Degree in Executive Leadership from the University of Nebraska and his Bachelor's Degree in Accounting and Management from LaSalle University.
 - Peggy H. Eddens, 54, Executive Vice President, Human Capital Management since 2007. From 2003 to 2007 she was Senior Vice President for Human Resources and Development for NexTier Bank, Butler PA. Ms. Eddens received a Master of Science Degree in Human Resource Management from La Roche College and her Bachelor of Science Degree in Business Administration with minors in Management and Psychology from Robert Morris University.
 - Stephen A. Fowle, 45, Executive Vice President and Chief Financial Officer since 2005. From 2000 to 2004, he was Chief Financial Officer at Third Federal Savings and Loan Association of Cleveland. Mr. Fowle received his Masters of Management, Finance and Marketing from Northwestern University and his Bachelor's Degree in Chemistry from Stanford University.
 - Richard Immesberger, 44, Executive Vice President, Trust and Wealth Management since 2008. From 2003 to 2008, Mr. Immesberger was Senior Vice President, Private Client Advisor for Bank of America. Mr. Immesberger received his Bachelor's Degree in Finance and Investments from Baruch College, City University of New York.
 - Rodger Levenson, 49, Executive Vice President/Director of Commercial Banking since 2006. From 2003 to 2006, Mr. Levenson was Senior Vice President and Manager of the Specialized Banking and Business Banking Divisions of Citizens Bank. Mr. Levenson received his MBA in Finance from Drexel University and his Bachelor's Degree in Finance from Temple University.
 - S. James Mazarakis, 53, Appointed Executive Vice President and Chief Technology Officer February 1, 2010. Mr. Mazarakis served in a senior leadership role as Chief Information Officer for T. Rowe Price, and Managing Director and Divisional CIO at JP Morgan Investment Asset Management He received his Master of Science degree in Management of Technology from Polytechnic Institute of New York University and his Bachelor of Science degree from Rensselaer Polytechnic Institute.
 - Richard M. Wright, 57, Executive Vice President/Director of Retail Banking and Marketing since 2006. From 2003 to 2006, Mr. Wright was Executive Vice President, Retail Banking and Marketing for DNB First in Downingtown, PA. Mr. Wright received his MBA in Management Decision Systems from the University of Southern California and his Bachelor's Degree in Marketing and Economics from California State University.
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- Consistently ranked in the top quartile of all companies surveyed *
 - WSFS has been recognized by The Wilmington News Journal as a “Best in the Business” company four years in a row; and ranked #1 in 2009
- Customer advocacy survey places WSFS above the 92nd percentile, which is considered a world-class service level *
- On a scale of 1-5, 41% of WSFS customers gave us a “5” saying “I can’t imagine a world without WSFS” *
 - Builds sustainable real profit growth
 - Leads to increased shareholder value

* Completed by the Gallup Organization

Engaged
Associates
Creating
Customer
Advocates
Building
Shareholder
Value
Delivering
Stellar
Service

- Gallup survey shows WSFS best among top players in market at delivering service *

Focused Business Model

Appendix 2 - Business Model

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CCLD = Commercial Construction & Land Development
Asset Composition - June 30, 2010
Appendix 3 - Balance Sheet

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Liabilities & Equity - \$3.8 billion

Customer Funding - \$2.2 billion

Appendix 3 - Balance Sheet

Non-Agency MBS, \$462 million

Appendix 3 - Balance Sheet

- All AAA at purchase, significant internal pre-purchase due diligence
 - 24 bonds downgraded at least one full grade (\$76.8 million par value);
 - 8 Bonds, \$32.7 million book value downgraded below investment grade
 - Only one bond downgraded in 1st half of 2010
 - Independent stress tests project losses of only \$106,000 in a “housing depression” scenario
 - Assumes that an additional 10% decline in housing prices over the next 24 months
 - Recorded no OTTI in 2Q 2010, only \$86 thousand cycle-to-date
 - Unrealized gain/loss improvement of \$4.2 million in 2Q 2010
-

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Unemployment Rate

9.5%

8.5%

Appendix 4 - Local Economic Trends

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Annual Home Sales in Delaware, by County

Homes Sold Per Year

Median Price Per Year

Average Days on Market Per Year

Appendix 4 - Local Economic Trends

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2009/10 Quarterly Home Sales in Delaware, by County

*All figures were derived from the Sussex County Association of Realtors & TREND MLS 2009/10 quarterly reports.

Homes Sold Per Quarter 2009/10

Median Price Per Quarter 2009/10

Average Days on Market Per Quarter 2009/10

Appendix 4 - Local Economic Trends
